

## **BILL ANALYSIS**

C.S.H.B. 1464  
By: Raymond  
Agriculture & Livestock  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties assert that certain deadlines and requirements for responding to an appraisal board in regard to an increase in property taxes create a particular burden for senior citizens who struggle with mobility issues, hearing or vision impairment, or other ailments. These parties contend that these citizens should be given additional time and opportunity to respond to an appraisal board before property taxes are increased. C.S.H.B. 1464 aims to provide senior citizens greater flexibility in the property tax appraisal process.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1464 amends the Tax Code to require the respective application forms that must be filed by a claimant to the right to have the claimant's land designated for agricultural use for property taxation purposes and by a claimant to the fact that the claimant's land is eligible for appraisal as open-space land for property taxation purposes to include a space for the claimant to state the claimant's date of birth. The bill specifies that failure to provide the date of birth does not affect a claimant's right to an agricultural designation or eligibility to have the land appraised as open-space land, respectively.

C.S.H.B. 1464 requires the chief appraiser, if land designated for agricultural use is owned by an individual 65 years of age or older, before making a determination that the land has been diverted to a nonagricultural use, to deliver a written notice to the owner by certified mail stating that the chief appraiser believes the land may have been diverted to a nonagricultural use. The bill requires the notice to include a form on which the owner may indicate that the owner remains entitled to have the land designated for agricultural use and a self-addressed postage prepaid envelope with instructions for returning the form to the chief appraiser.

C.S.H.B. 1464 requires the chief appraiser to consider the owner's response on the form in determining whether the land has been diverted to a nonagricultural use and, if no response is received on or before the 60th day after the date the notice was mailed, to make a reasonable effort to locate the owner and determine whether the owner remains entitled to have the land designated for agricultural use before determining that the land has been diverted to a nonagricultural use. The bill establishes what constitutes such a reasonable effort on the part of the chief appraiser.

C.S.H.B. 1464 sets out similar notice and chief appraiser consideration requirements for land appraised as open-space land owned by an individual 65 years of age or older with regard to which the chief appraiser believes a change in use has occurred.

C.S.H.B. 1464 amends the Transportation Code to include determining the applicability to certain individuals of the additional notice provisions set out by the bill as a purpose of the Department of Public Safety's required provision of certain identification information to the chief appraiser of each appraisal district.

### **EFFECTIVE DATE**

September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1464 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### **INTRODUCED**

SECTION 1. Section 1.07(d), Tax Code, is amended.

SECTION 2. Section 23.43(d), Tax Code, is amended.

SECTION 3. Section 23.46, Tax Code, is amended by amending Subsection (c) and adding Subsection (f) to read as follows:

(c) If land that has been designated for agricultural use in any year is sold or diverted to a nonagricultural use, the total amount of additional taxes for the three years preceding the year in which the land is sold or diverted plus interest at the rate provided for delinquent taxes becomes due. Subject to Subsection (f), a [A] determination that the land has been diverted to a nonagricultural use is made by the chief appraiser. For purposes of this subsection, the chief appraiser may not consider any period during which land is owned by the state in determining whether the land has been diverted to a nonagricultural use. The chief appraiser shall deliver a notice of the determination to the owner of the land as soon as possible after making the determination and shall include in the notice an explanation of the owner's right to protest the determination. If the owner does not file a timely protest or if the final determination of the protest is that the additional taxes are due, the assessor for

#### **HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Same as introduced version.

SECTION 2. Same as introduced version.

SECTION 3. Section 23.46, Tax Code, is amended by amending Subsection (c) and adding Subsection (f) to read as follows:

(c) If land that has been designated for agricultural use in any year is sold or diverted to a nonagricultural use, the total amount of additional taxes for the three years preceding the year in which the land is sold or diverted plus interest at the rate provided for delinquent taxes becomes due. Subject to Subsection (f), a [A] determination that the land has been diverted to a nonagricultural use is made by the chief appraiser. For purposes of this subsection, the chief appraiser may not consider any period during which land is owned by the state in determining whether the land has been diverted to a nonagricultural use. The chief appraiser shall deliver a notice of the determination to the owner of the land as soon as possible after making the determination and shall include in the notice an explanation of the owner's right to protest the determination. If the owner does not file a timely protest or if the final determination of the protest is that the additional taxes are due, the assessor for

each taxing unit shall prepare and deliver a bill for the additional taxes plus interest as soon as practicable after the change of use occurs. If the additional taxes are due because of a sale of the land, the assessor for each taxing unit shall prepare and deliver the bill as soon as practicable after the sale occurs. The taxes and interest are due and become delinquent and incur penalties and interest as provided by law for ad valorem taxes imposed by the taxing unit if not paid before the next February 1 that is at least 20 days after the date the bill is delivered to the owner of the land.

(f) If land designated for agricultural use under this subchapter is owned by an individual 65 years of age or older, before making a determination that the land has been diverted to a nonagricultural use, the chief appraiser shall deliver a written notice to the owner stating that the chief appraiser believes the land may have been diverted to a nonagricultural use. The notice must include a form on which the owner may indicate that the owner remains entitled to have the land designated for agricultural use and a self-addressed postage prepaid envelope with instructions for returning the form to the chief appraiser. The chief appraiser shall consider the owner's response on the form in determining whether the land has been diverted to a nonagricultural use. If the chief appraiser does not receive a response on or before the 60th day after the date the notice is mailed, the chief appraiser must make a reasonable effort to locate the owner and determine whether the owner remains entitled to have the land designated for agricultural use before determining that the land has been diverted to a nonagricultural use. The comptroller by rule shall adopt standards for determining what constitutes a reasonable effort on the part of a chief appraiser for purposes of this subsection and distribute those rules to each appraisal district.

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(f) If land designated for agricultural use under this subchapter is owned by an individual 65 years of age or older, before making a determination that the land has been diverted to a nonagricultural use, the chief appraiser shall deliver a written notice to the owner stating that the chief appraiser believes the land may have been diverted to a nonagricultural use. The notice must include a form on which the owner may indicate that the owner remains entitled to have the land designated for agricultural use and a self-addressed postage prepaid envelope with instructions for returning the form to the chief appraiser. The chief appraiser shall consider the owner's response on the form in determining whether the land has been diverted to a nonagricultural use. If the chief appraiser does not receive a response on or before the 60th day after the date the notice is mailed, the chief appraiser must make a reasonable effort to locate the owner and determine whether the owner remains entitled to have the land designated for agricultural use before determining that the land has been diverted to a nonagricultural use. For purposes of this subsection, sending an additional notice to the owner immediately after the expiration of the 60-day period by first class mail in an envelope on which is written, in all capital letters, "RETURN SERVICE REQUESTED," or another appropriate statement directing the United States Postal Service to return the notice if it is not deliverable as addressed, or providing the additional notice in another manner that the chief appraiser determines is appropriate, constitutes a reasonable effort on the part of the chief appraiser.

SECTION 4. Sections 23.54(c) and (e), Tax Code, are amended.

SECTION 5. Section 23.55(e), Tax Code, is amended.

SECTION 6. Subchapter D, Chapter 23, Tax Code, is amended by adding Section 23.551 to read as follows:

Sec. 23.551. ADDITIONAL NOTICE TO CERTAIN LANDOWNERS. (a) If land appraised as provided by this subchapter is owned by an individual 65 years of age or older, before making a determination that a change in use of the land has occurred, the chief appraiser shall deliver a written notice to the owner stating that the chief appraiser believes a change in use of the land may have occurred.

(b) The notice must include a form on which the owner may indicate that the land remains eligible to be appraised as provided by this subchapter and a self-addressed postage prepaid envelope with instructions for returning the form to the chief appraiser.

(c) The chief appraiser shall consider the owner's response on the form in determining whether the land remains eligible for appraisal under this subchapter.

(d) If the chief appraiser does not receive a response on or before the 60th day after the date the notice is mailed, the chief appraiser must make a reasonable effort to locate the owner and determine whether the land remains eligible to be appraised as provided by this subchapter before determining that a change in use of the land has occurred.

(e) The comptroller by rule shall adopt standards for determining what constitutes a reasonable effort on the part of a chief appraiser for purposes of this section and distribute those rules to each appraisal district.

SECTION 4. Same as introduced version.

SECTION 5. Same as introduced version.

SECTION 6. Subchapter D, Chapter 23, Tax Code, is amended by adding Section 23.551 to read as follows:

Sec. 23.551. ADDITIONAL NOTICE TO CERTAIN LANDOWNERS. (a) If land appraised as provided by this subchapter is owned by an individual 65 years of age or older, before making a determination that a change in use of the land has occurred, the chief appraiser shall deliver a written notice to the owner stating that the chief appraiser believes a change in use of the land may have occurred.

(b) The notice must include a form on which the owner may indicate that the land remains eligible to be appraised as provided by this subchapter and a self-addressed postage prepaid envelope with instructions for returning the form to the chief appraiser.

(c) The chief appraiser shall consider the owner's response on the form in determining whether the land remains eligible for appraisal under this subchapter.

(d) If the chief appraiser does not receive a response on or before the 60th day after the date the notice is mailed, the chief appraiser must make a reasonable effort to locate the owner and determine whether the land remains eligible to be appraised as provided by this subchapter before determining that a change in use of the land has occurred.

(e) For purposes of this section, sending an additional notice to the owner immediately after the expiration of the 60-day period prescribed by Subsection (d) by first class mail in an envelope on which is written, in all capital letters, "RETURN SERVICE REQUESTED," or another appropriate statement directing the United States Postal Service to return the notice if it is not deliverable as addressed, or providing the additional notice in another manner that the chief appraiser determines is appropriate, constitutes a reasonable effort on the part of the chief appraiser.

SECTION 7. Section 521.049(d), Transportation Code, is amended.

SECTION 7. Same as introduced version.

SECTION 8. The change in law made by this Act applies only to a determination by a chief appraiser that an individual 65 years of age or older is no longer eligible to have land appraised as provided by Subchapter C or D, Chapter 23, Tax Code, that is made on or after the effective date of this Act. A determination by a chief appraiser that an individual 65 years of age or older is no longer eligible to have land appraised as provided by Subchapter C or D, Chapter 23, Tax Code, that is made before the effective date of this Act is governed by the law in effect at the time the determination was made, and that law is continued in effect for that purpose.

SECTION 8. Same as introduced version.

SECTION 9. This Act takes effect September 1, 2015.

SECTION 9. Same as introduced version.